



INFORMATIONAL MEMORANDUM

TO: **Planning and Economic Development Committee**

FROM: **Derek Speck, Economic Development Administrator**

CC: **Mayor Ekberg**

DATE: **July 27, 2020**

SUBJECT: **Business Recovery Update: Grants**

ISSUE

Staff requests Committee approval to use a \$31,965 grant from King County’s Coronavirus Relief Fund.

BACKGROUND

King County allocated \$1.95 million to cities within the County (except Seattle) to provide economic relief and support to small and underserved businesses. On June 19, the City of Tukwila was notified that we are eligible to receive \$31,965. A copy of the County’s objectives and eligible expenditures is attached.

Eligible uses and examples of expenditures are described on page 2 of the attachment titled King County Corona Virus Relief Fund – Subrecipient Grant Agreement. Potential uses of these funds was briefly discussed at the Committee’s meetings on July 6 and July 20. At the July 20 meeting the Committee focused on two options:

- (1) Issuing small grants directly to businesses.
- (2) Marketing Tukwila’s International Boulevard through a program that includes small business grants in combination street pole banners or flags representing the United States and the main countries of origin for our residents with a social media component to attract visitors to the area.

Staff has asked the County if street pole banners or flags would be an eligible expense under their grant criteria. They are looking into it and we hope to have their answer in time for the PED meeting.

DISCUSSION

Staff recommends using the funds to issue grants directly to small businesses. We recommend the following approximate allocation:

Direct grants	\$26,000
Grant administrator	\$ 3,000
Interpretation and assistance	\$ 2,000
PPE	\$ 965
Total	\$31,965

Grants would be up to \$1,000 each and would reimburse businesses for business interruption costs not previously satisfied by any other funding source. The grant administrator would be an organization, such as Evergreen Business Capital, which is a lender certified by the US Small Business Administration and a mission to provide financing to underserved communities. We recommend reserving some funds for interpretation and assistance. This could be used to translate documents, one-on-one interpretation, or small contracts with local non-profits to provide technical assistance in our top languages to help businesses fill out the application. Under this grant the City could purchase and give PPE to eligible businesses. That may be a useful way to introduce the program and build relationships with very small businesses.

Due to the very limited funds, it would be unfortunate to set eligibility criteria so wide as to have many applications that would be rejected due to lack of funds. Also, due to the small size of the grants, it is important for the application process to be as simple as possible for the businesses, the grant administrator, and the City. Thus, in addition to other basic criteria, staff recommends the following key eligibility criteria:

- a) Businesses with fewer than 10 FTEs
- b) Located within the Tukwila International Boulevard District boundary
- c) Occupies a brick and mortar location (versus purely online)
- d) Gross annual revenues under \$1 million
- e) Properly paid the City business license for past two years

If we receive more applications than available funding, we recommend the following ranking criteria:

- a) Historically underserved business owner
- b) Financial impact due to COVID-19 pandemic
- c) Required to close under Washington State's Stay Home order
- d) Required to reduce capacity and operations under Washington's Safe Start order
- e) Serves key community need of child care

Staff is available to discuss variations of the above program or other alternatives.

FINANCIAL IMPACT

No budget changes are requested at this time; however, we would need an amendment to the 2020 budget to reflect the grant revenue and matching expenses of up to \$31,965.

RECOMMENDATION

Authorize staff to implement the small business grant program as described.

ATTACHMENTS

King County Corona Virus Relief Fund – Attachment C Scope of Work

King County Coronavirus Relief Fund Subrecipient Grant Agreement Economic Development for Cities

ATTACHMENT C - PROGRAM SCOPE OF WORK

1. Introduction

On May 12, 2020, King County Council passed Ordinance 19103, which allocated a total of \$1.95 million for a grant program to support King County cities' economic relief and recovery activities in response to the COVID-19 public health emergency. This grant program is intended to help alleviate the significant adverse economic impact of COVID-19 on incorporated municipalities of King County. The funds will be distributed to every city of King County, except for the city of Seattle, based on per capita population with a minimum grant of \$10,000.

Note: With the grant minimum set at \$10,000, some of the calculated city allocations will be adjusted slightly to keep the total programmatic allocation at \$1.95 million.

2. Program Objectives/Outcomes

King County is seeking to achieve the following outcomes with this grant program:

- a. Small businesses receive the support they need to overcome disruptions caused by COVID-19
- b. Small businesses receive the support they need to safely re-opening while adhering to local public health guidance and operating guidelines designed to protect employees and customers
- c. Support underserved and other priority small businesses that have not been able to access other resources*
- d. Help small businesses restart quickly, recover from the impacts of the pandemic, and contribute to the overall economic stability of the community (i.e., revenues and jobs)

While King County empowers the subrecipient to define 'small business', cities should prioritize grant funds to businesses that meet a reasonable standard of 'small' and have experienced acute business interruption or require immediate assistance to adapt their services to adhere to public health guidance and considerations.

** For the purposes of this grant program, King County considers historically underserved business owners to be those from Black, Native, people of color, immigrant, refugee, and LGBTQ communities.*

3. Eligible Expenditures

The grant funds must be used for cities' economic relief and development activities in response to COVID-19. The funds should only be used for costs that were not accounted for in the city's 2019 fiscal year budget and must comply with all federal requirements set for the Treasury's Coronavirus Relief Fund (detailed in Attachment A "Federal Terms"). Expenditures must be incurred in the period from March 1, 2020, through December 30, 2020, and must be recorded and documented using the generally accepted accounting principles and the provisions of Title 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements.

Expenditures may fall in any of the following broad categories:

- City internal operational expenditures
- City direct expenditures for small businesses
- Passthrough grants to small businesses to reimburse the costs of business interruption caused by required closures.

The following list provides some examples of eligible expenditures:

- Materials to give out to businesses to facilitate safe opening (e.g., PPE, sanitation supplies, plexiglass barriers, markers, signage)
- Rental of materials to increase the outdoor seating capacity for restaurant businesses
- Marketing materials for businesses
- Passthrough grants to businesses to reimburse business interruption costs not previously satisfied by any other funding source
- Technical assistance to businesses (consulting services)
- Temporary staff hired to engage with businesses
- Consulting Services (business surveys, training, city marketing materials, etc.)

4. Grant Documentation & Reporting

EXHIBIT #	Form/Report	Short Description	Interval
1	Pre-award: risk assessment questionnaire	Short survey to understand City's administrative capacity	With the intake form preceding agreement signing
2	Federal Funding Accountability and Transparency Act (FFATA) Data Collection Form	<ul style="list-style-type: none"> • Only for entities receiving grant funds in excess of \$25,000. • King County will use this information to report to www.FSRS.gov within 30 days of the award. • Template attached. 	With the signed agreement <i>(if the grant amount is in excess of \$25,000)</i>
3	Bi-monthly performance report	Summary expenditure report by eligible activity	Bi-monthly following agreement signing
4	An expenditure report detailing all expenditures up to the grant amount	A standard report generated from the city's official accounting system or sufficient documentation to demonstrate grant expenditures, payee, and date of transaction	Within 30 days of final payment utilizing grant funds
5	Direct Grant & Beneficiaries Report	A standard report that outlines all businesses who received a <i>direct</i> grant payment from the city, detailing business information and key demographic indicators	Within 30 days of final payment utilizing grant funds